

**MINUTES OF THE
REVENUE AND TAXATION INTERIM COMMITTEE**
Wednesday, April 16, 2008 – 9:00 a.m. – Room C445 State Capitol

Members Present:

Sen. Wayne L. Niederhauser, Senate Chair
Rep. John Dougall, House Chair
Sen. Curtis S. Bramble
Sen. Mike Dmitrich
Sen. Brent H. Goodfellow
Sen. Howard A. Stephenson
Pres. John L. Valentine
Rep. Rebecca Chavez-Houck
Rep. Tim M. Cosgrove
Rep. Julie Fisher
Rep. Craig A. Frank
Rep. Gage Froerer
Rep. Fred R. Hunsaker
Rep. Rosalind J. McGee
Rep. Merlynn T. Newbold
Rep. Paul Ray
Rep. Aaron Tilton

Members Absent:

Rep. Douglas C. Aagard
Rep. Wayne A. Harper
Rep. Carol Spackman Moss

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Ms. Angela D. Oakes, Associate General Counsel
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Phalin L. Flowers, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Niederhauser called the meeting to order at 9:07 a.m.

MOTION: Rep. Ray moved to approve the minutes of the November 14, 2007 meeting. The motion passed unanimously with Sen. Bramble, Sen. Dmitrich, and Rep. Tilton absent for the vote.

2. Revenue Collection Update and Recent Trends in the Utah Economy

Mr. Dean and Mr. Howe distributed and discussed "Utah Economic Update." Mr. Dean gave a presentation on the status of Utah's population, housing, and revenues. Mr. Howe gave a presentation on the changes in Utah's employment, personal income, construction permits, and gross domestic product.

Mr. Dean distributed and discussed "Revenue Summary - Nine Months FY 2007-08." He noted that revenue growth for most of Utah's major tax sources is slowing or declining due to recent tax cuts, earmarking, and a moderating economy.

3. Review of Property Tax Study

Chair Niederhauser discussed the Master Study Resolution items that were included in the mailing packet. He also distributed and discussed "Proposed Study Plan: Utah's Property Tax System - Tentative Proposed Extra Meeting Dates." He explained that the Legislative Management Committee authorized five additional meetings for the Committee to study Utah's property tax system. Rep. Dougall commented that the proposed additional meeting dates are all tentative at this time.

Rep. McGee said that she would like the Committee to study the imposition of a land value tax.

Committee members and staff introduced themselves.

4. Overview of Utah's Property Tax System

Ms. Oakes distributed and discussed "Background Information on Utah's Property Tax System." She discussed the constitutional background of Utah's property tax, including requirements that property be assessed at a uniform and equal rate in proportion to its fair market value and taxed at a uniform and equal rate. She also reviewed both the constitutionally required and discretionary exemptions from the property tax.

Mr. Howe gave a presentation titled "An Overview of Utah's Property Tax System," found in the packet of information titled "Background Information on Utah's Property Tax System." He reviewed reasons why public finance scholars, public officials, and citizens both like and dislike the property tax.

Rep. Dougall commented that many citizens believe that because they must pay a property tax each year they never really own their home. Sen. Stephenson asked for additional information on primary residential and secondary residential taxable value for each county and on the effective tax rate on secondary residential property.

Ms. Oakes discussed Utah's current property tax relief programs, including the circuit breaker program, property tax abatements and deferrals, the veteran's exemption, and the blind exemption. She also discussed which property tax levies imposed by certain taxing entities are exempt from truth in taxation. Sen. Stephenson suggested that the Committee study how to protect elderly homeowners from rising property taxes. One possibility would be a properly designed property tax deferral program.

Mr. Larry Engle, private citizen, spoke in opposition to property tax deferrals and said he believes they are simply a hidden inheritance tax. He encouraged the Committee to study a property tax system where taxable value is based on the property's value the date the property is acquired. Mr. Engle said this ensures certainty and stability for taxpayers.

Mr. Ron Mortensen, Citizens Coalition for Tax Fairness, spoke in favor of the Committee's plan to study property taxes, including what he believes is an unfair market value system. He also spoke in opposition to property tax deferrals. He said that while some may argue that the property tax is a stable source of tax revenue, it is also a burden on homeowners who must pay this tax regardless of economic conditions.

Ms. Allison Rowland, Voices for Utah Children, spoke in support of the Committee's plan to study the state's property taxes and expressed interest in participating in those discussions.

5. Other Items / Adjourn

MOTION: Rep. Hunsaker moved to adjourn the meeting. The motion passed unanimously with Sen. Bramble, Pres. Valentine, and Rep. McGee absent for the vote.

Chair Niederhauser adjourned the meeting at 11:15 a.m.